

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 SSO-00 INRE-00 NSCE-00 ICAE-00

AID-05 CIAE-00 COME-00 EB-08 FRB-01 INR-10

NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02 LAB-04

SIL-01 OMB-01 SS-15 STR-07 CEA-01 HA-05 AGRE-00

IO-14 /095 W

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FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC IMMEDIATE 8997

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DEPT PASS AID FOR BRONHEIM FROM BUTLER

E.O. 11652: N/A

TAGS: EAID TZ

SUBJECT: FOREIGN ECONOMIC POLICY TOWARDS AFRICA

1. SUMMARY. FIELD VISITS AND DISCUSSIONS WITH U.S. AND OTHER OFFICIALS MAKE IT CLEAR THAT BHN DEVELOPMENT STRATEGY CAN BE MORE COMPREHENSIVE AND FLEXIBLE THAN INTERPRETED UNDER CURRENT AID POLICIES. WHICH ELEMENTS OF BHN STRATEGY USG SHOULD SUPPORT WITH BILATERAL AND MULTILATERAL PROGRAMS IS A SEPARATE ISSUE, BUT ONE MERITING SENIOR REVIEW. IT IS ALSO CLEAR THAT SUBSTANTIALLY IMPROVED COORDINATION AMONG BILATERAL AND MULTILATERAL DONORS IS VITAL TO SUPPORT OF BHN. END SUMMARY.

2. VISITS TO DEVELOPMENT PROJECTS AND DISCUSSIONS WITH DEVELOPMENT OFFICIALS OF RECIPIENT GOVERNMENTS, MULTILATERAL AND INTERNATIONAL INSTITUTIONS, AID, AND OTHER BILATERAL DONORS UNDERSCORE BREATH OF BHN DEVELOPMENT STRATEGY IN MEETING THE NEED OF THE POOR. CAPACITY OF A GIVEN ACTIVITY TO INCREASE ACCESS OF THE POOR TO BASIC NEEDS IS THE ULTIMATE TEST; STRATEGY WOULD APPEAR TO COMPREHEND FOLLOWING:

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A. SUPPLY. PRODUCTION OF GOODS OR ESTABLISHMENT OF SERVICES TO MEET BASIC NEEDS OF POORER ELEMENTS OF POPULATION, EITHER THROUGH TRANSFERS FROM GOVERNMENT WHICH MUST ULTIMATELY BE LOCALLY SUSTAINABLE, OR THROUGH NORMAL COMMERCIAL MARKETS.

B. DEMAND. ACCESS OF POOR TO BASIC NECESSETIES, THROUGH EXTENSION OF GOVERNMENT SERVICES BUT ALSO

THROUGH INCREASED EMPLOYMENT AND INCOME TO STIMULATE
COMMERCIAL PROVISION.

3. BOTH SUPPLY AND DEMAND SIDES REQUIRE INVESTMENT, TO
IMPROVE MANAGERIAL ABILITIES FOR SERVICES AND TO IMPROVE
PRODUCTIVE CAPACITY FOR GOODS AND PRODUCTIVE EMPLOYMENT.
GROWTH IS AN INESCAPABLE INGREDIENT OF BHN STRATEGY, WITH
PATTERN OF GROWTH AND DISTRIBUTION OF INCREASED INCOME
THE MEASURES OF CONSISTENCY.

4. MORE RESTRICTIVE INTERPRETATIONS OF BHN HAVE IN FACT
LIMITED OUR ABILITY TO ASSIST IN MEETING BASIC HUMAN NEEDS.
THIS HAS LED TO CONFUSION ON SEVERAL ISSUES. IN BROADER
BHN CONCEPT THE ONLY LIMITING FACTOR IS ULTIMATE BENEFI-
CIARY.

A. DEMAND SIDE OF EQUATION IS AS IMPORTANT
SUSTAINABLE PROVISION OF BASIC GOODS AND SERVICES
AS SUPPLY SIDE. THUS INVESTMENT IN LABOR INTENSIVE
EMPLOYMENT OPPORTUNITIES WHICH INCREASE INCOME OF
POOR IS A VITAL ELEMENT.

B. NATURE OF BASIC GOODS AND SERVICES WHICH MAY BE
REQUIRED IS QUITE BROAD. ROADS IN RURAL AREAS CAN
BE AS CENTRAL TO BHN AS IMPROVED AGRICULTURAL TECH-
NIQUES OR HEALTH SERVICES, ESPECIALLY IN AFRICA,
WHERE PHYSICAL ACCESS IS OFTEN PRINCIPAL BARRIER TO
DELIVERY OF SERVICES AND MARKETING OF PRODUCTS.
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C. MANAGERIAL, TECHNICAL, AND ADMINISTRATIVE HUMAN
INFRASTRUCTURE IS FREQUENTLY CRITICAL CONSTRAINT.
THUS TRAINING, EVEN IF REMOVED FROM ACTUAL DELIVERY,
IS ALSO AN IMPORTANT ELEMENT.

D. DECISION TO TRANSFER ASSISTANCE RESOURCES INES-
CAPABLY SUPPORTS BUDGET, THUS LOCAL CURRENCY PURCHASE
TO SUPPORT BUDGET COSTS IS NOT ISSUE. INSURING THAT
RECURRENT COSTS CAN ULTIMATELY BE BORNE LOCALLY
THROUGH INCREASED PRODUCTIVE BASE, HOWEVER, IS
CRITICAL.

E. IMMEDIACY OF IMPORT ON POOR MAY BE USEFUL INDI-
CATOR, BUT IS NOT TEST OF COMPATIBILITY WITH BHN
STRATEGY. PRODUCTION, ACCESS, AND DELIVERY ARE
INESCAPABLE COMPONENTS. SIMILARY THERE IS NO
VALID BHN DISTINCTION BETWEEN TECHNICAL AND
COMMODITY ASSISTANCE OF TYPE APPROPRIATE UNDER
GIVEN CIRCUMSTANCES.

5. FROM ABOVE IT IS APPARENT THAT ASSISTANCE TO BHN MUST
BE DESIGNED AND EVALUATED ON COUNTRY-SPECIFIC BASIS. SAME
ACTIVITY MAY FULLY SUPPORT BHN IN ONE CONTEXT AND OFFER
NO INSURANCE WHATSOEVER IN ANOTHER. IN GENERAL, WHERE

OVERALL DEVELOPMENT STRATEGY DOES NOT FAVOR BHN, LIMITED PROJECTS WITH TIGHT CRITERIA AND IMMEDIATE IMPACT MAY BE NECESSARY; WHERE STRATEGY DOES FAVOR BHN, MUCH MORE FLEXIBILITY WOULD SEEM POSSIBLE AND DESIRABLE. IN SPECIFIC INSTANCES, HOWEVER, REVERSE MAY BE INDICATED.

6. WHAT PORTION OF THESE BROAD BHN REQUIREMENTS AID WISHES TO ASSIST IN MEETING IS CRITICAL QUESTION, BUT DISTINCT FROM QUESTION OF WHICH ACTIVITIES ARE APPROPRIATE COMPONENTS OF BROAD BHN STRATEGY. DECISION MAY DEPEND ON ABILITY TO DESIGN AND MONITOR ACTIVITIES TO INSURE EFFECTIVENESS. HERE, HOWEVER, CURRENT AID PROJECT DESIGN AND IMPLEMENTATION REQUIREMENTS BROADLY SEEN AS OVERKILL RESULTING FROM UNNECESSARY CENTRALIZATION AND UNIVERSAL

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APPLICATION OF REMEDIES FOR INDIVIDUAL PAST PROBLEMS.

7. ALL OFFICIALS CONSULTED AGREE BREADTH OF BHN STRATEGY IS INADEQUATELY GRSPED BY BOTH DONORS AND RECIPIENTS AND THAT COORDINATED EFFORT REQUIRED IN BOTH AREAS. UNDERSTAND DONOR COORDINATION TO INCREASE LEVERAGE OF DEVELOPMENT INTERESTS WITHIN RECIPIENT GOVERNMENTS, WHICH APPRECIATE ECONOMIC OF BHN, WAS SUPPORTED BY RECENT UN BHN CONFERENCE IN GENEVA.

8. RECOMMEND ACCELERATED DCC CONSIDERATION OF THESE ISSUES PER JULY 26 BRONHEIM MEMO TO SHAKOW AND BERGSTEN. CLINGERMAN

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